

**Title 35 Mississippi State Tax Commission
Part II Alcohol Beverage Control**

Chapter 10 Bailment Procedures - Policies and Procedures of Mississippi Alcoholic Beverage Control Bailment Warehouse System

- 100 Effective April 29, 1991, the Tax Commission's Alcoholic Beverage Control Division (ABC) began bailment warehouse operations. A bailment warehouse is a warehousing method whereby alcoholic beverages owned by the vendor are stored in the Liquor Distribution Center (LDC) for subsequent shipment to retail permittees. NABCA shall hereinafter refer to the National Alcoholic Beverage Control Association.
- 101 Under the bailment system, ABC inventory is used first; when the ABC inventory is insufficient, the vendor's inventory is utilized.
1. Warehouse Location
All bailment alcoholic beverages received by the ABC will be stored at the Liquor Distribution Center located at 1286 Gluckstadt Road, Madison, Madison County, Mississippi. The mailing address is P.O. Box 540, Madison, Mississippi 39130-0540.
 2. Designation of Product Location
The ABC will determine the location of all alcoholic beverages stored in its distribution center. The existing product locations will be maintained whenever possible, however, the ABC reserves the right to manage warehouse space allocation.
 3. Stockownership and Bailment Replenishment
 - a. Vendors will own and control the stock that enters the ABC Distribution Center (See APPENDIX E- inventory.)
 - b. The ABC will routinely authorize the product into the distribution center for restocking purposes.
 - c. The ABC will require that vendors designate an agent, who will be responsible for approving stock withdrawal, APPENDIX A: MISSISSIPPI BAILMENT WAREHOUSE VENDOR'S AUTHORIZED REPRESENTATIVE. Vendors must update this document as needed.
 - d. The ABC will notify the vendor's agent during the last week of each month of their intention to purchase specified inventory belonging to the vendor based on anticipated needs for the following month. If the vendor does not respond within 2 hours after receipt of notification, the vendor will be deemed to have authorized the anticipated purchase. This report shows the maximum anticipated purchases.
 - e. Actual purchases may differ due to:
 - i. Availability of the vendor's product on the date the inventory was picked;
 - ii. Availability of new receipts into the distribution center;
 - iii. And, the availability of any ABC owned inventory, which will be removed first.
 - f. The receipt of bailment merchandise is according to the terms and conditions listed in APPENDIX C: "RECEIVING DOCKS, OVERAGE, STORAGE AND BREAKAGE".

- g. Vendors' agents may obtain weekly reports showing the activity of their products from the NABCA.

4. ABC Purchases

- a. To provide for product availability for privately owned permittees, the ABC will advise vendors of the codes and quantities that will be needed during a particular time period as described in 3b and 3d.
- b. When ABC receives requests for an item that is not listed in its Price Book. ABC will attempt to satisfy these requests through the special order procedure established in Title 35 of the Mississippi Administrative Code, Part II, Subpart 3, Chapter 5.
- c. A number of alcoholic beverages will be subject to split-case sales. Items available in split-case will be determined by ABC through established procedures.

5. Withdrawal of Bailment Inventory by Vendor

- a. The vendor may withdraw alcoholic beverages from bailment for the following reasons:
 - i. Redistribution to other areas. The vendor cannot redistribute the product to permittees in Mississippi.
 - ii. If the product is unsalable (APPENDIX D, 4).
 - iii. If the product has been delisted (9 a,b).
- b. The ABC must approve the removal of any product before it can be removed from the distribution center. Such approval must be approved 24 hours in advance of the removal and may occur during distribution center delivery hours (APPENDIX C, 1 f).
- c. The vendor must provide a motor carrier to be used when removing product from the distribution center.
- d. ABC will load the product on to the truck. The carrier's driver will observe the loading. Both the ABC representative and the driver must sign the Bill of Lading and a copy of the document will be provided to the vendor. ABC will adjust the bailment inventory records.
- e. ABC will charge the vendor a handling fee to cover the costs of requested withdrawal.

6. ABC Charges

The ABC has historically charged for certain services. These charges will continue on the following items.

- a. Labeling
- b. Re-packing
- c. Damage Re-packing
- d. Reloading for shipping

7. Federal and Other Requirements

- a. Vendors must comply with Federal guidelines and/or regulations.
- b. Prior to using ABC's distribution center, each vendor will be required to execute the bailment agreement and have designated an agent (3c).

8. Insuring the Inventory

- a. The ABC will not carry insurance on the vendor's inventory in bailment nor be responsible for any loss except as provided for in APPENDIX D: "INVENTORY

OVERAGE, SHORTAGE OR DAMAGE OCCURRING WHILE VENDOR'S INVENTORY IS HELD IN BAILMENT."

- b. Vendor's agents will be provided inventory reports to assist vendors in determining the value of their inventory. This report may be obtained from the Purchasing Department.
9. Listing/Delisting Products
 - a. The ABC will continue listing/delisting procedures as detailed in Title 35 of the Mississippi Administrative Code, Part II, Subpart 03, Chapters 7 and 8.
 - b. Following notification of delisting, the vendor will have 30 days to remove the product from the ABC Distribution Center. All products remaining after the 30-day period shall become the property of ABC for disposition as it sees fit.
10. Claims by Vendor
Claims by vendor must be presented in writing to the ABC within 30 days after vendor's claim arises.
11. Additional Documents
The ABC may submit to vendor and/or the vendor's agent, or may require the vendor or vendor's agent to submit to ABC, other documents necessary to conduct its operations.

Required Bailment Agreement Form

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BAILMENT AGREEMENT BETWEEN ALCOHOLIC BEVERAGE CONTROL AND

The Alcoholic Beverage Control Division, hereinafter referred to as the ABC, headquartered at 1286 Gluckstadt Road, Madison, Mississippi 39110, and _____, hereinafter referred to as the Vendor, headquartered at _____, entered into this agreement for the purpose of operating a bailment warehouse program. This agreement will be effective _____, and will remain in effect until cancelled in writing by the ABC or vendor with 30 days notice.

A bailment warehouse program is defined as meaning the Vendor will own the stock in the ABC Liquor Distribution Center until it is withdrawn from bailment for shipment to the ABC permittees.

The ABC and the Vendor agree to the following:

1. The vendor agrees to place, without charge, approved items of alcoholic beverages into the ABC's distribution center at 1286 Gluckstadt Road, Madison, Mississippi, 39110. The items are to be shipped in accordance with the ABC's shipping instructions and, when shipped, are to be cosigned to the vendor, or his representative or agent, in care of the ABC's distribution center.
2. The ABC agrees to handle and store approved items furnished by the vendor for sale in Mississippi.
3. The vendor agrees that all price quotations for bailment stock will be delivered prices to the ABC's distribution center, including tax and duty on imported items.

4. THE ABC SHALL NOT BE LIABLE FOR ANY LOSS OR INJURY TO ALCOHOLIC BEVERAGES STORED HOWEVER CAUSED UNLESS SUCH LOSS OR INJURY RESULTED FROM FAILURE OF THE ABC TO EXERCISE SUCH CARE IN REGARD TO THE STORED ALCOHOLIC BEVERAGES AS A REASONABLY PRUDENT PERSON WOULD EXERCISE UNDER LIKE CIRCUMSTANCES AND THE ABC IS NOT LIABLE FOR DAMAGES WHICH COULD NOT HAVE BEEN AVOIDED BY SUCH CARE.
5. The ABC agrees it will purchase any bailment stock which disappears or is broken by ABC employees while stored in the ABC's distribution center.
6. Subject to the 48 hour notice provision in Appendix E, ABC agrees to allow the vendor to conduct physical counts of its bailment stock in the distribution center for its own purposes, and to make selected reports available to the vendor for accounting reconciliation purposes.
7. The ABC agrees to request from the vendor authorization to purchase and withdraw from bailment stock, in advance, before the stock is pulled for shipment to its permittees. No response will be required unless permission to withdraw is denied.
8. The ABC agrees to issue payment vouchers and invoices at mid-month and month-end for withdrawals of the previous half-month. The ABC will pay for the products withdrawn directly from these documents; hence, no vendor invoices will be required.
9. The vendor agrees to secure any applicable state and/or federal basic permits and federal special occupational tax stamps that may be needed before any alcoholic beverages are shipped into the distribution center under the bailment program.
10. The vendor agrees that any bailment items delisted or unapproved items miss-shipped will be the responsibility of the vendor to remove from the ABC's distribution center.
11. The vendor agrees to abide by the bailment policies and procedures established by the ABC, which are specifically incorporated into this agreement.

Vendor Signature

ABC Signature

Date

Date

Vendor FAX Number _____

FAX Location _____

APPENDIX A

ALCOHOLIC BEVERAGE CONTROL DIVISION
STATE TAX COMMISSION

P.O. BOX 540, Madison, Ms. 39130-0540

(601 856-1301, FAX (601 856-1390

MISSISSIPPI BAILMENT WAREHOUSE VENDOR'S AUTHORIZED
REPRESENTATIVE

1. Vendor's Company name: _____
Street: _____
City, State, Zip: _____
Telephone: _____ FAX Number _____

The vendor designates the following representative(s) to authorize the ABC to purchase products from those maintained in the bailment distribution center. Products shipped to the bailment distribution center by the vendor are consigned to the vendor's representative(s) for the purpose of making sales at the bailment distribution center to the ABC. The vendor agrees that its designated representative will indicate its acceptance or rejection, in whole or in part, of an ABC Division order for products maintained in the bailment distribution center within two hours of receipt of the order, or the ABC's order will be deemed to have been accepted. The vendor is responsible for up-dating this document as needed.

2. Representative's Name: _____
Street: _____
City, State, Zip: _____
Telephone: _____ Fax Number _____
3. Alternate Representative's Name: _____
Street: _____
City, State, Zip: _____
Telephone: _____ Fax Number: _____

Signature of person authorized_____
Print Name

By vendor to sign and execute
Documents

Date _____ Title _____

APPENDIX B

COMPUTER REPORTS

1. The following reports and forms will be available from the NABCA.
 - a. Weekly sales and inventory report
 - b. Weekly stock outage report
 - c. Weekly bailment inventory restocking report
 - d. Monthly active permit list
 - e. Sales quota report (provided once annually)
2. Additionally, reports and statistical information may be obtained from the NABCA for a fee.

APPENDIX C

RECEIVING DOCKS – OVERAGE, SHORTAGE AND BREAKAGE

1. Scheduling
 - a. Receiving into the bailment warehousing system will take place at distribution center located at 1286 Gluckstadt Road, Madison, MS.
 - b. Product will not be unloaded if it is not shipped on pallets or slip-sheets.
 - c. Vendors are required to supply ABC Distribution Center personnel with a Shippers Load Manifest at least seventy-two (72) hours in advance of shipment of quantities, by control state code of product being delivered to the ABC Distribution Center.
 - d. The vendor will be responsible for obtaining the freight carrier.
 - e. The carrier is required to call the Distribution Center to obtain An unloading appointment time. The carrier must indicate the vendor when scheduling the appointment. Carriers should call at least three (3) working days in advance to arrange the unloading time.
 - f. Receiving hours will be 7:00 a.m. to 3:00 p.m. There will be no receiving on Saturdays, Sundays, or designated State holidays.
 - g. The ABC will consider claims for demurrage or detention charges which are incurred as a result of untimely unloading as long as the carrier adheres to the delivery schedule mutually established by the ABC Receiving Officer and the carrier.
2. Receiving

- a. The ABC staff will complete a Receiving Report form for each load delivered. The case quantity shown on the form will reflect any overage or shortage compared to the manifest supplied by the carrier.
- b. ABC Distribution Center personnel will unload all products. Carrier drivers are required to witness the unloading. The driver and ABC representative will sign the unloading report form and the Bill of Lading or Delivery Report.
- c. If the ABC staff discovers an error in the receiving process, they will complete an Inventory Correction form which will be attached to the original receiving report.

3. Receiving Damaged Merchandise

- a. Because the ABC may purchase damaged goods and subsequently establishes a receivable with the vendor, the ABC Warehouse Operations Manager will be responsible for determining whether damaged goods are to be received into the bailment inventory. The staff will always attempt to resolve any problems in this area to the mutual satisfaction of the vendor and the ABC.
- b. The ABC believes that it is advantageous to the vendor and the ABC to accept merchandise with small amounts of damage which has occurred during the shipping process. At the discretion of the ABC Warehouse Operations Manager, goods with slight damage will be received into the ABC inventory and placed in repack area. The ABC will purchase the damaged bottle(s) and file a claim against the vendor for recovery of the (damaged) bottle(s) purchase price.
- c. When the ABC discovers substantial damage, the truck will be sealed and the vendor notified. The vendor or designated agent will be responsible for determining how the damaged goods are to be handled. The ABC staff will assist the vendor in substantiating the degree of damage, but the vendor is responsible for filing a claim against the carrier. No goods from the damaged shipment will be received into the distribution center until the ABC Warehouse Operations Manager is satisfied with the vendor's determination.
- d. All products are owned by the vendor, It will be the responsibility of the vendor to file claims with the carrier to recover the cost of damages which occurred during the transportation of the alcoholic beverages.

APPENDIX D

INVENTORY OVERAGE, SHORTAGE OR DAMAGE OCCURRING WHILE VENDOR'S INVENTORY IS HELD IN BAILMENT

The ABC is responsible for the accuracy of documentation and the receiving and shipping process while the vendor's goods are in bailment.

1. Shortage

- a. Shortage is defined as a physical quantity of a product which is less than the inventory records indicate.
- b. The ABC will pay vendors for most types of shortages occurring while the inventory is held in bailment.
- c. If the shortage is a result of a miss-shipment to a retail permittee, the ABC will retrieve the bottle(s) in error and adjust the vendor's inventory accordingly.
- d. If the shortage is the result of undetected shrinkage of inventory, then the ABC accepts responsibility for the loss and will make the appropriate payment to the vendor.

2. Overage

- a. Overage is defined as a physical quantity of a product which is greater than the inventory records indicate.
- b. The ABC will place the overage in its own inventory.

3. Damages

- a. In this context, "damages" refer to improper or careless handling by distribution center personnel only. The ABC will not insure nor be responsible for the vendor's product against fire, theft, water damage or any other cause or condition.
- b. The ABC accepts responsibility for holding the vendor's goods in a safe and salable condition. The ABC Warehouse Operations Manager will notify vendors of improperly palletized, slip-sheeted or packaged products and, failing resolution, the merchandise may be placed in un-salable status.
- c. The ABC will purchase damaged bottle(s) as defined in the first sentence of 3a (above).

4. Un-salable Products

An un-salable alcoholic beverage is defined as product that is not fit for human consumption. Un-salable alcoholic beverages located in the ABC Distribution Center will be disposed of in accordance with instructions provided by the vendor. Such disposition instructions must be provided by the vendor within 30 days after the vendor is notified of the un-salable alcoholic beverages. ABC may destroy the un-salable alcoholic beverages and invoice the vendor for handling charges if the vendor fails to provide disposition instructions.

Because retail permittees will be credited by the ABC for un-salable alcoholic beverages which are returned, vendors are required to grant a credit to the ABC for that product. Under no circumstances will the ABC be deemed to purchase any un-salable alcoholic beverages provided out of bailment stock.

APPENDIX E

INVENTORY

1. Physical Inventories
 - a. The ABC will take physical inventory twice a year unless circumstances prohibit.
 - b. Irreconcilable discrepancies will be resolved as follows:
 1. Physical shortage of the vendor's product: the ABC will pay the vendor for the missing product.
 2. Physical overage of the vendor's product: the ABC will place the surplus into its own inventory.
 3. Vendors may conduct their own physical inventories of stock held in bailment by arrangement with the Purchasing Agent at least 48 hours in advance.
2. Inventory Status
 - a. Vendors, or their agents, should bring discrepancies to the attention of the Purchasing Agent at (601) 856-1340.